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SUBJECT: LABOR TRENDS IN QUALIFYING INDUSTRIAL ZONES

REF: 01 AMMAN 5728

1. SUMMARY. Labor conditions at the qualifying industrial zones (QIZs) are satisfactory and tending toward improvement. The QIZs continue to grow, resulting in increased demand for labor, and the demand for trained domestic labor is pressing. Foreign source labor, especially within the textile sector, remains relatively high at about 30% of the QIZ workforce. Improving domestic productivity and cost advantages of domestic labor, if coupled with badly needed vocational training, may eventually push down the demand for foreign laborers. END SUMMARY

VISITS TO QIZS REVEAL IMPRESSIVE GROWTH AND PRODUCTION

2. On June 30, the Ambassador and emboffs visited the Al Tajammouat QIZ, which is located approximately 30 minutes south of Amman. The Ambassador toured three QIZ factories, escorted by Park Manager Halim Safiti. According to Safiti, there are 20 QIZ-inspired factories in Al Tajammouat, of which 17 are currently operational. These factories employ 7,000 laborers, and Safiti expects that number to reach 10,000 by the end of 2002. 70% of the work force is domestic, over 95% are women, and most come from East Amman, Zarqa and Madaba. The tour of the factories was impressive; rows upon rows of Jordanian women, mostly dressed in conservative/traditional attire, working with sewing machines and other textile equipment. Labor conditions at these plants are good. Workspaces are clean and well lit, exits are clearly marked and workers seemed to be in good spirits. In one factory, the temperature was a bit high, and Safiti took the Ambassador's suggestion that the plant look into more effective cooling equipment. According to Safiti, salaries of the workers at some of these plants are 20% above minimum wage (which is currently 80 JD per month), with incentive programs for superior quality/quantity production. (Note: There has been some concern expressed by embassy contacts to COMMOFF regarding workers at this QIZ being paid at less than minimum wage).

3. On July 7, poloff met with Fathallah Omrani, President of the Union of Workers in Textile Garment and Clothing Industries, at the Al Husn QIZ, located near the city of Irbid. (Note: Omrani is a long-time contact of the embassy and will be traveling to Washington July 12 for consultations with the ILO, labor NGOs and USG officials). Omrani escorted poloff through two factories - owned by Tefron and Century Wear. Both of these factories operate exclusively with Jordanian labor, and are under contract with Victoria's Secret, Gap, and Calvin Klein. The factories employ 300 and

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2100 workers, respectively. Century Wear plant manager Jamil Karka explained that there is such a surplus of (untrained) labor in the Irbid area that he could "hire 500 workers tomorrow if he had the extra capacity to do so".

4. The floors of the Al-Husn factories are air conditioned (while the managerial offices were not), and were at full capacity. They are well lit, clean, and workers have access to fresh water and clean bathrooms. Exits are clearly marked. Salaries at these factories were at minimum wage (80 JD), with incentive programs that push the average monthly wage to over 100 JD per month. Karka was proud to say that his factory has one of the best reputations for labor conditions in Jordan, and Omrani confirmed this. Century Wear's factory employs higher labor standards, not only because of the self-asserted magnanimous nature of Karka, but because US companies expect enhanced labor standards. Omrani commented that US companies are most vigilant regarding the issue of labor conditions at the QIZ factories and as a result, laborers at these factories enjoy better conditions.

UNION BOSS SETS UP HEALTH CLINIC

5. Following the tour of the factories, Omrani escorted

poloff to a recently opened health clinic that serves workers of the QIZs in Al-Husn. The health clinic was funded with a USD 92000 grant from the Government of Japan. The clinic employs 7 doctors (one of whom is a dentist) and provides basic check-ups and examinations to workers and their families. All workers, regardless of union membership, may receive free treatment at the clinic, and family of union members will also be able to receive free treatment soon. Omrani has arranged for 9 of the QIZ textile companies at Al-Husn to contribute 1 JD per month per worker to the clinic in order to allow it to sustain operations. In its first six months, the clinic provided treatment to nearly 5000 workers, and has operated with a small surplus. Omrani hopes to secure funding for a similar clinic at the QIZ near Zarqa soon.

EFFECTIVE VOCATIONAL TRAINING NEEDED DESPERATELY

16. Poloff met on June 13 with Abdel Abdel Jaber, Assistant Director General for Technical Affairs at the GOJ's Vocational Training Corporation. Abdel Jaber is directing a program through which 12000 Jordanians will receive vocational training subsequent to a three month tour in the Jordanian Army. Abdel Jaber said that his program had attracted over 40000 applicants, and that the VTC has, in the past, placed over 80% of trainees in jobs, including approximately 60% in jobs related to their vocational training. There are 30 vocational training subjects in which trainees may study, and there are plans afoot to open centers throughout Jordan.

17. Although the GOJ has recognized the pressing need for expanded vocational training, both labor leaders and plant managers criticized the VTC as a clunky and ineffective bureaucratic mechanism. According to managers at Al Tajammouat, the VTC "misses the mark" by training workers in fields for which there is no demand. Omrani commented that while the VTC places laborers into employment, these workers generally do not last, largely because the VTC provides outdated or poor training. Companies often train their own work force; at Tefron one of fourteen production lines is dedicated to trainees. The trainees spend an average of two months on the training line before joining the work force. Results have been good, but the demand for trained labor at the QIZs far exceeds the currently available supply. This is why, Omrani explains, companies look eastward to China and Sri Lanka for trained workers.

18. USAID, in collaboration with the GOJ, will provide vocational training to 1000 Jordanians in Irbid via the Jordan U.S. Business Partnership Program. The plan is to have highly skilled Sri Lankan garmenteers give intensive training to Jordanians in groups of 15-20 at a time over the course of a year. The cost of this program will not exceed USD 300,000, based on a one year estimate. The goal is to increase the supply of trained Jordanian garmenteers to help meet QIZ demand. Depending on the effectiveness of this initiative, USAID may continue with vocational training endeavors.

CULTURAL FACTORS

19. Aside from the lack of trained workers, Jordanian cultural norms also hamper productivity. Even Omrani concedes that Jordanian workers, "will not work as hard as the Chinese". Additionally, Jordanians, and in particular women, have heavy familial responsibilities. Nearly all Jordanian female textile laborers leave employment after marriage; this curtails the average working career for such laborers to less than four years, according to Karka. In the face of experienced labor imported from countries such as China on two year contracts, Jordanians are generally less productive. Omrani commented that on top of everything else, many QIZ companies do not enforce maximum workday laws on imported labor, and the GOJ is, according to him, averse to challenging such companies, whose investors may already be tepid toward further investment in Jordan.

110. Plant manager Karka was optimistic about shifting Jordanian cultural views toward female labor. There is a growing number (currently about 10% of Century's workforce) of married female laborers, and Karka was proud to report that the women at his factory were happy and enjoyed workplace camaraderie. The jobs give them their own income, their own identity, and their own sense of worth, he said. The prediction that Jordanian women would not or could not produce quality textile goods has been proven false, Karka concluded.

COMMENT

11. In light of satisfactory labor conditions, greatly increasing production, and growing acceptance by Jordanian society, the QIZs will benefit most from efforts to augment vocational training. As reported in refTel, the biggest sticking point in continued development of the QIZs is a lack of trained Jordanian labor. Given the current political climate and the recent economic slump, the fact that thousands of traditionally clad Jordanian women, working in western-style factories (built partially through Israeli capital investment), producing goods for export to the US is a major success story.

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